

Title: to amend the Better Utilization of Investments Leading to Development Act of 2018 to enhance U.S. economic and strategic competitiveness

SEC 1. SHORT TITLE; TABLE OF CONTENTS

- (a) Short title. This Act may be cited as the “Enhancing American Competitiveness Act”
- (b) Table of Contents. The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents

Sec. 2. Sense of Congress

Sec. 3. Modifications to definitions

Sec. 4. Budgetary treatment of equity investments by United States International Development Finance Corporation

Sec. 5. Performance measures and reporting requirement

SEC. 2. SENSE OF CONGRESS

Whereas the International Development Finance Corporation, hereby referred to as the Corporation, has articulated its mission to mobilize investment to advance global development, United States foreign policy objectives, and taxpayer interests;

Whereas Congress established the Corporation to leverage private sector capabilities and serve as a robust alternative to state-directed investments by authoritarian governments and United States strategic competitors;

Whereas Congress provided the Corporation authority to provide equity financing in order to provide the Corporation with greater flexibility to invest in early and growth-stage companies, partner with other financial institutions, and enable investees to scale operations more effectively to create greater development impact;

Whereas Congress provided the Corporation authority to provide insurance and reinsurance of debt under Section 9621(d) of the BUILD Act of 2018 for the purposes of furthering United States foreign policy, development, and national security objectives;

Whereas Congress provided the Corporation the authority pursuant to Section 9621(d) of the BUILD Act of 2018 to insure debt investments;

Whereas Congress provided the Corporation budgetary authority in its Corporate Capital Account to collect insurance and reinsurance premiums and pay insurance and reinsurance claims;

Whereas Congress provided the Corporation authority to make loans or guaranties upon such terms and conditions as the Corporation may determine under Section 9621(b) of the BUILD Act of 2018 for the purposes of furthering United State foreign policy, development, and national security objectives;

Whereas under Section 9622(b)(3) of the BUILD Act of 2018, Congress limited such authority by requiring that for any such loan guaranty to a project, the parties to the project must bear the risk of loss in an amount equal to at least 20 percent of the guaranteed support by the Corporation in the project;

Whereas Congress authorized the Corporation to guaranty 100% of an obligation including a loan, a bond issuance, or a tranche thereof where other parties to the project bear the risk of loss in an amount equal to at least 20 percent of the guaranteed support by the Development Finance Corporation in the project;

Whereas limited implementation has constrained the Corporation's ability to leverage these authorities to enhance U.S. economic and strategic competitiveness and cooperate effectively with foreign partners and the private sector;

Therefore be it Resolved that Congress—

Confirms the intent of Congress regarding the budgetary treatment of equity to facilitate increased equity investments under the Better Utilization of Investments Leading to Development Act amend Section 1421(c) of P.L. 115-254

Confirms the proper budgetary treatment of the Corporation's insurance and reinsurance authorities including insurance and reinsurance of debt is not subject to budgetary treatment under the requirements of Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).

Confirms that the Corporation when it provides guaranties greater than 80% of an obligation, such guaranties are exempt from applicable provisions of Office of Management and Budget Circular A-129.

SEC. 3. MODIFICATION TO ELIGIBILITY DEFINITIONS

(1) Section 1402 of P.L. 115-254 (the Better Utilization of Investments Leading to Development Act) is amended by renumbering paragraphs 2 through 5 as 3 through 6 and inserting:

“(2) FRAGILE AND CONFLICT AFFECTED STATES

The term “fragile and conflict affected states” means countries on the List of Fragile and Conflict Affected Situations maintained by the World Bank or that the Corporation, following consultation with the Secretary of State and the Administrator of the United States Agency for International Development, so designates.”

(2) Section 1412(c)(2) of P.L. 115-254 (the Better Utilization of Investments Leading to Development Act) is amended by striking existing subparagraph (2) and inserting:

“(2) ELIGIBLE COUNTRIES

The Corporation may provide support under subchapter II of this chapter in countries that are eligible to receive development lending from the World Bank and in Fragile and Conflict Affected States.”

SEC. 4. BUDGETARY TREATMENT OF EQUITY INVESTMENTS BY UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION.

To facilitate increased equity investments under the Better Utilization of Investments Leading to Development Act amend Section 1421(c) of P.L. 115-254 is amended by adding at the end the following:

“(7) PRESENT VALUE OF EQUITY ACCOUNT. – There is established a fund as a subaccount of the Corporate Capital Account to be known as the ‘Corporate Equity Account’ to carry out this subsection. Subject to the availability of appropriations, the cost of investment determined under subparagraphs (A) and (B) shall be transferred from the Corporate Capital Account to the Corporate Equity Account.

(8) BUDGETARY TREATMENT OF EQUITY INVESTMENTS. –

(A) CALCULATION OF COSTS OF INVESTMENT. -

(i) IN GENERAL.—The cost of investment provided under paragraph (1) shall be the net present value, at the time when funds are disbursed to provide the support, excluding administrative costs and any incidental effects on governmental receipts or outlays, based on the following estimated cashflows:

(I) The purchase price of the investment.

(II) Dividends, redemptions, and other shareholder distributions during the term of the support.

(III) Proceeds received upon a sale, redemption, or other liquidation of the investment.

(IV) Foreign currency fluctuations, for support denominated in foreign currencies.

(V) any other relevant cashflow.

(ii) CHANGES IN TERMS INCLUDED.—The estimated cash flows described in subclauses (I) through (V) of clause (i) shall include the effects of changes in terms resulting from the exercise of options included in the agreement to provide the investment.

(iii) DISCOUNT RATE -- the discount rate shall be the average interest rate on marketable Treasury securities of similar maturity to the cash flows support provided under paragraph (1).

(B) DIFFERENTIAL AMOUNT.—“Differential Amount” is the difference between the cost of investment and the purchase price of the investment. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for the transfer of any differential amount to the subaccount created pursuant to this subparagraph. Such

amount shall be recorded as direct spending as defined by section 250(c)(8) of BBEDCA, as amended.

(C) COORDINATION.— The Director of the Office of Management and Budget shall be responsible for coordinating the cost estimates required by this paragraph. The Director shall consult with the Corporation on these cost estimates. Nothing in this subparagraph shall be construed to change the authority or the responsibility of the Corporation to determine the terms and conditions of eligibility for, or the amount of investment provided by the Corporation.

(D) BUDGETARY EFFECTS OF THE DIFFERENTIAL AMOUNT.— The following rules shall apply to budget enforcement under the Congressional Budget Act of 1974, the Balanced Budget and Emergency Deficit Control Act of 1985, and the Statutory Pay-As-You-Go Act of 2010.

(i) FUTURE APPROPRIATIONS.—Any differential amount appropriated pursuant to subparagraph (F) shall not be recorded as budget authority and outlays for purposes of any estimate under the Congressional Budget and Impoundment Control Act of 1974 or the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

(ii) STATUTORY PAYGO SCORECARDS.—The budgetary effects of any amounts appropriated for the differential amount under subparagraph (B) shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay As-You-Go Act of 2010.

(iii) SENATE PAYGO SCORECARDS.—The budgetary effects of any amounts appropriated for the differential amount under subparagraph (B) shall not be entered on any PAYGO scorecard maintained for purposes of section 4106 of H. Con. Res. 71 (115th Congress).

(iv) ELIMINATION OF CREDIT FOR CANCELLATION OR RESCISSION OF DIFFERENTIAL.—If legislation is enacted that rescinds or reduces an amount appropriated as a differential amount pursuant to subparagraph (B), the amount of any such rescission or reduction shall not be estimated as a reduction in direct spending under the Congressional Budget and Impoundment Control Act of 1974 or the Balanced Budget and Emergency Deficit Control Act of 1985, as amended and shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay As-You-Go Act of 2010 or for purposes of section 4106 of H. Con. Res. 71 (115th Congress).”

SEC 5. MAXIMUM CONTINGENT LIABILITY.

Section 1433 of P.L. 115-254 (the Better Utilization of Investments Leading to Development Act) is amended by striking “\$60,000,000,000” and inserting “100,000,000,000”.

SEC. 6. REPORTING REQUIREMENT

Not later than 180 days after the date of the enactment of this Act, the Chief Executive Officer of the United States International Development Finance Corporation shall submit to the appropriate

congressional committees and the Committee on Appropriations of the House of Representatives and the Senate a report on—

(1) a plan to expand the Corporation's financing to support United States national security and development priorities in critical regions; and

(2) the budgetary, staffing, and programmatic resources that would be required in order to carry out the plan required by this subsection.

(3) the effective date and the basis used, in consultation with OMB, to calculate the net present value of funds appropriated for use under Section 201(c) of the Build Act of 2018.